BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public Service Commission, on its own motion, to make adjustments to the universal service fund mechanism established in NUSF-26.	))))	Application No. NUSF-50 Progression Order No. 1

Comments Of The Rural Independent Companies

I. Introduction

The Rural Independent Companies (the "Companies")[1] hereby submit the following Comments in the above-referenced docket. The Companies appreciate the opportunity to submit comments in response to the Staff Proposal.[2] The Staff Proposal "addresses ways to keep the Nebraska Universal Service Fund ("NUSF") sufficient on a going forward basis"[3] in light of the projected balance of the NUSF fund. The Staff-proposed measures include a specific implementation proposal for the Dedicated Wireless Program, reductions in NUSF-7 distributions, a reduction in the wireline high cost program of $20 to $25 million per year beginning in 2007, a reduction of the earnings cap to 11.25 percent, mandatory step-downs in the transitional mechanisms, and the introduction of a new rural benchmark standard.

As a threshold matter, the Companies have serious concerns regarding the negative effects that a cut of NUSF support of the magnitude suggested by the Staff could

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[1] Arlington Telephone Company; The Blair Telephone Company; Cambridge Telephone Company; Clarks Telecommunications Co.; Consolidated Telephone Company; Consolidated Telco, Inc.; Consolidated Telecom, Inc.; Eastern Nebraska Telephone Company; Great Plains Communications, Inc.; Hartington Telecommunications Co., Inc.; Hershey Cooperative Telephone Co.; K&M Telephone Company, Inc.; The Nebraska Central Telephone Company; Northeast Nebraska Telephone Company; Rock County Telephone Company; Stanton Telecom, Inc.; and Three River Telco.

[2] *See The Commission, on its Own Motion, to Make Adjustments to the Universal Service Fund Mechanism Established in NUSF-26*, Application No. NUSF-50, Progression Order No. 1, Staff Proposal, (*"Staff Proposal"*) (entered July 18, 2006).

[3] Id. at Introduction.

produce, and that those cuts could result in insufficient funding for many of the Companies. Insufficient funding would have significant adverse impacts on consumers.

II. The Staff Proposal Is Insufficiently Specific To Permit Substantive Comment At This Time.

The comments offered herein address the general policy implications of some of the changes proposed by Staff to the permanent NUSF support mechanism. The Staff Proposal, however, does not contain sufficient detail to allow the Companies to address the many changes to the mechanism the Staff appears to propose, either individually or taken together as a whole.

For example, the Staff Proposal contains the following sentence:

> The Staff also proposes to impute federal universal service support reported in the EARN-FORM into the distribution model payments.[4]

This single sentence constitutes the entirety of the Staff's discussion of its proposal to modify NUSF support amounts depending on federal USF support. Without any concept of how this imputation will be performed, or the effect it will have on NUSF support, the Companies cannot offer any substantive comment on this proposal.

As another example, the Staff Proposal's entire section VI reads as follows:

> The Staff proposes to calculate an urban rate average and then develop a comparability standard for a rural benchmark.[5]

As this proposal lacks any further elaboration, it is impossible to comment on it in any substantial fashion. Section V, below, contains a cautionary note regarding the possible deviation from the Nebraska Public Service Commission's ("Commission") goal of comparability between urban and rural rates that this proposal may introduce.

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[4] Id. at Section IV.

[5] Id. at Section VI.

Therefore, the Companies will address specific details of changes to the permanent NUSF support mechanism when such details become available. The Companies expect that detailed information regarding recommended changes to the permanent NUSF support mechanism will be made available in the Commission's proposal to be released on August 22, 2006 and that following release of the proposal that the Commission will provide adequate opportunity for comment and for hearing on such proposal.

III. The Commission Should Defer Making Major Changes To The Permanent NUSF Support Mechanism Until Any Changes To Universal Service Support And Access Rates Have Been Determined By The Federal Communications Commission Which Will Impact State Universal Service Programs.

The Federal Communications Commission ("FCC") is currently considering sweeping changes to the federal universal service support mechanism and to both interstate and intrastate access rates. The FCC is requesting comment on the Missoula Plan (the "Plan"), an intercarrier compensation reform plan filed by the National Association of Regulatory Utility Commissioners' Task Force on Intercarrier Compensation.[6] The Plan is the product of a 3-year process of industry negotiations led by NARUC.[7] Among the features of the plan that could impact Nebraska local exchange carriers receiving NUSF support include proposals to reduce intrastate access rates to the level of interstate access rates.[8] The Plan provides for a Restructure Mechanism designed

[6] *See Public Notice*, Comment Sought on Missoula Intercarrier Compensation Reform Plan, CC Docket No. 01-92, DA 06-1510 (rel. July 25, 2006).

[7] Ibid.

[8] Letter from Tony Clark, Commissioner and Chair, NARUC Committee on Telecommunications, Ray Baum, Commissioner and Chair, NARUC Task Force, and Larry Landis, Commissioner and Vice-Chair, NARUC Task Force, CC Docket No. 01-92, at 2 (filed July 24, 2006) (attaching the Missoula Plan) at Attachment (*"Missoula Plan"*), Executive Summary, pp. 3-6.

to replace the revenues that are eliminated through reduced access charges.[9] The Plan also creates an "Early Adopter Fund" to provide support for states that have reduced access rates through an explicit state fund by the time the Plan is adopted.[10] This mechanism will enable states to recover *some* of the funding they have distributed to carriers that have reduced their interstate access rates. The amount of funding for this program has yet to be finalized. The Plan states that the Early Adopter Fund will be at least $200 million,[11] however, this amount appears to be quite small relative to the total amount of state universal service funds currently expended.[12]

In addition to its consideration of the Missoula Plan for intercarrier compensation reform, the FCC has issued a notice requesting comment on the merits of using auctions to determine high-cost universal service support.[13] The use of competitive auctions to award universal service support to selected carriers has the potential to reduce or even eliminate the federal USF that Nebraska telecommunications carriers currently receive.

Given that the FCC proceedings currently underway have the potential to significantly change federal and state cost recovery sources and very possibly reduce the total amount of revenue received, the Companies urge the Commission to refrain from making major changes to the permanent NUSF support mechanism such as those

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[9] Id. at p. 12. The Restructure Mechanism would replace reduced access revenues to the extent that such revenues are not recovered through restructured intercarrier charges or increased subscriber line charges.

[10] Ibid.

[11] *See The Missoula Plan*, The Missoula Plan for Intercarrier Compensation Reform at p. 76.

[12] At least $1.3 billion was disbursed in state high-cost universal service funds during 2004. *See* Jing Liu and Edwin Rosenberg, *State Universal Service Funding Mechanisms: Results of the NRRI's 2005-2006 Survey* (Columbus: National Regulatory Research Institute, [July 2006]) at Table 21.

[13] *See Public Notice*, Federal-State Joint Board on Universal Service Seeks Comment Sought on the Merits of Using Auctions to Determine High-Cost Universal Service Support, WC Docket 05-337, CC Docket No. 96-45, FCC 06J-1 (rel. Aug. 11, 2006).

suggested in the Staff Proposal. Changes in cost recovery sources of the magnitude contemplated in current FCC proceedings would likely require additional changes in the permanent NUSF support mechanism in order to maintain sufficient cost recovery to fulfill statutory and Commission-established goals for the NUSF as discussed below.

IV. A Reduction In NUSF Support Of The Magnitude Suggested By The Staff Could Have Profound Negative Effects On The Provision Of Telecommunications Services In Nebraska And Concomitant Negative Impacts On Consumers.

The Staff proposes to reduce the wireline high cost program by approximately $20 to $25 million per year beginning January of 2007.[14] Currently, the impact on individual companies cannot be estimated because insufficient information is available regarding the details of the changes to the permanent support mechanism. However, it is certainly possible that individual rural local exchange carriers, such as the Companies, may experience reductions in NUSF support of greater than one-third. Companies that experience such a magnitude of reduction in support quite likely will not have adequate revenues to maintain and upgrade their networks. Additionally, the reduction in support will require that these companies reduce future investment and cut expenses by reducing the number of its repair and customer service personnel. Such actions will impact and most likely reduce the quality of service provided to consumers in rural areas of Nebraska.

In its Opinion and Findings in the NUSF-26 Proceeding the Commission found that affordable access to telecommunications and information services at comparable

[14] *See Staff Proposal* at Section III.

rates is a key consideration in developing a long-term universal service mechanism.[15] It is unclear whether the Staff's proposal to calculate an average urban rate based benchmark will result in an increase in the current benchmark and whether the implementation of a new benchmark level will ultimately result in affordable access to telecommunications and information services being available to all consumers in Nebraska.

Additionally, the Commission has indicated interest in widespread deployment of broadband service throughout the state, and has recently surveyed the telecommunications industry to measure broadband deployment. The reduction in investment described above will also adversely impact the deployment of broadband services. If companies are not receiving sufficient support to offer basic telecommunications services, it is highly unlikely that such companies will be able to continue to invest in providing broadband services to the rural areas of this state.

The combination of higher end-user rates and a one-third reduction in the high cost program could have dire implications for Nebraska consumers, both in terms of the availability of advanced services and the retail prices for basic local exchange service.

V. The Staff Proposal Appears To Violate The Statutory Commands That Support Should Be Predictable And Sufficient.

The Staff proposal appears to change many of the basic features of the permanent NUSF support mechanism that make it predictable. The Companies supported the SAM methodology when it was originally developed, and indicated that because universal service support amounts are based on three major categories of information – costs to

[15] *See The Commission, on its Own Motion, Seeking to Establish a Long-Term Universal Service Funding Mechanism*, Application No. NUSF-26, Findings and Conclusions (*"NUSF-26 Permanent Mechanism Order"*) (entered Nov. 3, 2004) at ¶ 9.

provide the supported services, revenues received that contribute to the provision of the supported services (the revenue benchmark) and the number of households, the SAM is predictable. However, the Staff proposal does not indicate if the reduced amount of support will be allocated through the use of the SAM, or if some other mechanism will be used. The fact that the Staff proposal is recommending major changes to the permanent support mechanism only one and one-half years after its institution appears to render the NUSF support mechanism unpredictable in contravention to the directions of the Legislature.

The Staff proposal to effect a major reduction in the high cost program also raises questions relative to the statutory mandate for funding sufficiency.[16] In instituting the permanent NUSF support mechanism, the Commission stated that it "finds the baseline support allocation is sufficient."[17] At that point in time the Companies agreed with this statement because the amount of support being distributed was about equal to the amount of support distributed under the transitional mechanism, which had generally replaced implicit support with explicit support. However, a reduction in support of at least one-third (which could be much greater for individual companies) is unlikely to ensure that support remains sufficient.

VI. The Staff Proposal Appears To Conflict With Many Of The Commission-Established Goals For The NUSF.

One of the Commission's goals for the NUSF specifies that "The Commission should ensure that all Nebraskans have comparable access to quality telecommunications and information services, including interexchange services, advanced

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[16] *See* Neb. Rev. Stat. § 86-323(5).

[17] *See NUSF-26 Permanent Mechanism Order* at ¶ 13.

telecommunications and information services."[18] As discussed previously, significant reductions in support will lead to significant reductions in investment. Such reductions in investment will result in deteriorating quality of service offered in areas in which carriers experience significant reductions in support and the goal of having access to quality services for all Nebraskans will not be fulfilled

Another of the Commission's NUSF goals specifies that "All services must be offered at rates that are just, reasonable and affordable, and that rural rates should be reasonably comparable to urban rates, all across the services."[19] Reductions in support may necessitate increases in rates to consumers in order to maintain sufficient cost recovery. Disproportionate reductions in support to rural areas may cause rural rates to increase such that rural rates may not be comparable to urban rates. Furthermore, the Companies have concerns about the Staff proposal to develop an urban rate average and then develop a comparability standard for rural rates. Without greater detail on how such an average and comparability standard will be developed, it is not known at this time if such an action could result in rural rates that are not comparable to urban rates.

The Commission goals identified for the NUSF also state that "The Commission should encourage the development and maintenance of the telecommunications infrastructure and encourage investment and the deployment of new technologies."[20] As discussed previously, reductions in support will likely lead to reductions in investment. Reductions in investment will discourage the deployment of new technologies such as

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[18] *See The Commission, on its Own Motion, Seeking to Establish a Long-Term Universal Service Funding Mechanism*, Application No. NUSF-26, Progression Order No. 2 (entered Aug. 27, 2002) at ¶ 29.

[19] Ibid.

[20] Ibid.

broadband, as any funds remaining for investment will likely be allocated towards maintaining telecommunications plant and services that are currently offered.

The reductions proposed by the Staff Proposal will impact the high cost fund such that the goals for the high cost program, as established by this Commission, may not be fulfilled.

VII. The Staff And The Commission Should Not Consider Changes That Deviate From The Support Allocation Principles Established By The Commission In The NUSF-26 Proceeding.

In its Final Order in NUSF-26, the Commission found that it should utilize the Support Allocation Methodology ("SAM") to allocate high cost program support to NETCs providing support to high cost areas.[21] The Commission found that the SAM ensures the allocation of the Fund is one that furthers the goals of the NUSF Act.[22] In support of these findings, the Commission quantifies the SAM's targeting of support to sparsely populated areas by making the observation that the SAM allocates 98 percent of support to areas with fewer than seven households per square mile and allocates nearly 100 percent of support to areas with fewer than thirteen households per square mile.[23] The Companies note that these findings with respect to the manner in which the SAM targets support to high cost areas, and the validity of the SAM in meeting the goals of the high cost program, are limited to the SAM as described in paragraphs 45 through 60 of the Final Order – i.e., *without* an earnings test or any transitional mechanisms.

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[21] *See NUSF-26 Permanent Mechanism Order* at ¶ 45. *See also* Excel file "NUSF_26_Distribution_05_01_20_PublicVersion.xls" ("Year 1 model"), available for download from the Commission's web site during 2005, sheet Distribution_SA, cells X5 through AA18.

[22] Id. at ¶ 51.

[23] Id. at ¶ 56.

The Final Order identifies a number of Transitional Support Adjustments to accompany the SAM through which NETCs may receive support in addition to that received via the SAM. In fact, of the $73,975,173 in total NUSF high cost support distributed in 2005, only $50,588,657, or 68.4 percent, was allocated according to the SAM.[24] Over $23 million, or nearly one-third, of the high cost support distributed in 2005 was allocated to companies via the Transitional Support Adjustments described in paragraphs 62 through 76, and 78 through 80, of the Final Order.[25] Of that $23 million in Transitional Support, over $9 million was distributed via the Over Earnings Redistribution ("OER") mechanism.[26]

According to the NUSF distribution model dated December 20, 2005, used for calculating high cost support for the current year, a total of $71,768,381 is to be distributed during 2006.[27] Of this total, only $45,661,901, or 63.6%, was allocated according to the SAM.[28] Over $26 million, more than one-third, of the 2006 high cost support was allocated to companies via Transitional Support Adjustments.[29] Of that $26 million, over $19 million was distributed via the OER mechanism.[30]

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[24] *See* "Year 1 model," sheet TM, column J ("NUSF Before TM") and column AZ ("Total NUSF Support").

[25] Id., sheet TM, columns O, S, Y and AE, row 3.

[26] Id., sheet TM, columns Y and AE, row 3.

[27] *See* Excel file "Year2_NUSF_26_Distribution_05_12_20_PublicVersion.xls" ("Year 2 model"), e-mailed to company representatives December 21, 2005, sheet TM, column BD, row 3.

[28] Id., *s*heet TM, column N ("NUSF Before TM").

[29] Id., *s*heet TM, columns S, W and AC.

[30] Id., *s*heet TM, column AC.

Furthermore, the December 20, 2005 model contains an "adjustment" to companies' reported 2004 overearnings – whereby the NUSF earnings test for any company that reported earnings over 12 percent for both 2003 and 2004, and whose 2004 overearnings exceeded its 2003 overearnings, is performed using not the company's reported 2004 overearnings, but rather the *difference between* its 2004 overearnings and its 2003 overearnings. This "adjustment" to companies' overearnings was newly introduced into the NUSF distribution model for 2006, with no opportunity for public comment. The net result of this "adjustment" is that a single company received an additional $3.68 million in support over what it would have received without this "adjustment."[31]

While the Companies generally agree with the Commission's findings concerning the validity of the SAM in meeting the goals of the NUSF, the Companies are concerned that the magnitude of NUSF support that is distributed not according to the SAM, but via the Transitional Support Adjustments, as noted above, threatens to undermine the ability of the high cost program to meet the goals the Commission has established for it. Particularly alarming is the fact that Transitional Support provided in 2006 exceeds that of 2005; OER support in 2006 is more than twice the OER support provided in 2005. Further deviations from the SAM, such as the earnings "adjustment" described above, serve only to put even more distance between the actual mechanisms used by the distribution model in calculating NUSF support amounts and the NUSF principles upon which the Commission relied in devising the SAM. The Companies urge the

[31] Id., sheet TM, column L ("Adj. 2004 from 12% Cap") and column N ("NUSF Before TM"), row 4 ("ALLTEL").

Commission to minimize adjustments to companies' reported earnings, as well as Transitional Support, and to adhere to the SAM.

VIII. The Commission Should Implement An Emergency Reinstatement Of The Original Surcharge Level As One Remedy For A Collections Shortfall.

In its 2005 Order in NUSF-4 the Commission lowered the NUSF Surcharge from 6.95 percent to 5.75 percent effective October 1, 2005. At that time, the Commission acknowledged the testimony of Jeff Pursley, NUSF Director, in which he projected that the NUSF balance would reach $20 million in October of 2009, were the surcharge to remain at 6.95 percent.[32] However, following the surcharge reduction in 2005, the fund balance has dropped precipitously. Mr. Pursley has indicated that the fund balance could be as low as $12 million dollars by January 2007 assuming that pay-out commitments that have been made are disbursed.[33] Mr. Pursley also noted that remittances coming into the NUSF have significantly decreased.[34] Furthermore, broadband-based voice services are eroding the funding base for the NUSF and this erosion is expected to accelerate.[35]

Therefore, it appears that some of the underlying assumptions regarding the assessable base and the projected NUSF distributions that led the Commission to reduce the surcharge in 2005 are no longer valid, and that the NUSF balance has declined more rapidly than was anticipated. This decline in the fund balance has in turn prompted the

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[32] *See The Commission, on its Own Motion, Seeking to Determine the Level of the Fund Necessary to Carry Out the Nebraska Telecommunications Universal Service Fund Act to be Effective Fiscal Year Beginning July 1, 1999*, NUSF-4, Order Setting Surcharge (entered July 6, 2005).

[33] *See The Commission, on its Own Motion, Seeking to Determine the Level of the Fund Necessary to Carry Out the Nebraska Telecommunications Universal Service Fund Act to be Effective Fiscal Year Beginning July 1, 1999*, NUSF-4, Order Setting Surcharge (entered June 27, 2006) at Commission Exhibit 2, p. 6.

[34] Ibid.

[35] Ibid.

Commission to open Application No. NUSF-50, in which the Commission has sought comment on methods to reduce support in order to make up for the shortfall that the fund will experience due to the reduction in the surcharge.[36] The Staff has suggested that support distributed through the wireline high-cost program should be reduced by about $20 to $25 million per year starting in January of 2007.[37] As discussed above, if the NUSF is reduced by this magnitude, it is likely that statutory mandates and goals established for the NUSF will not be fulfilled. Therefore, in order to comply with statutory mandates of the NUSF and to support the Commission's NUSF goals, the Commission should immediately reinstate the surcharge to its original level.

IX. The Staff And The Commission Should Accept Access Rate Increases As A Remedy For Companies Under-Earning Under Current Or Future NUSF Regimes.

The initial NUSF transition program rebalanced end user and switched access rates and any earnings adjusted revenue shortfall formed the basis for NUSF distributions. The Commission has historically held that inadequacies in NUSF support levels can be remedied by a reversal of the some of the switched access charge reductions.[38] In December of 2004 Qwest filed a tariff proposing to increase its switched access charges.[39] In a subsequent brief Qwest implied that pressures from NUSF-26 support reductions were the motivation for that action. In addition, Qwest asserted that

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[36] Ibid.

[37] *See Staff Proposal* at Section III.

[38] *See The Commission, on its Own Motion, Seeking to Conduct an Investigation of Intrastate Access Charges for Rural ILECs*, Application No. NUSF-28, Findings and Conclusions (entered Nov. 26, 2002) at ¶ 32.

[39] *See The Commission, on its Own Motion, Seeking to Investigate Qwest's Switched Access Charge Rates*, Application No. C-3345/NUSF-42, PI-93, Order Approving Settlement and Closing Docket (entered Feb. 23, 2005) at ¶ 1.

reduction in switched access charges as a part of the NUSF transitional rebalancing program was voluntary.[40] On November 8, 2005 the Commission entered an Order Approving Settlement and Closing Docket in which the Commission approved a Stipulation filed by interested parties in which Qwest would increase its switched access charges.

Based on this precedential action, the Commission should allow all carriers that may experience a reduction in NUSF support as a result of changes to the permanent NUSF support mechanism to increase their intrastate access rates in order to replace any reductions in NUSF support. The Commission should consider such increases on an individual company basis and treat such actions as reasonable remedies to funding shortfalls.

X. The Staff And The Commission Should Re-Visit Proceedings Which Considered Broadening The NUSF Assessment Base.

On June 27, 2006 the FCC issued a Report and Order and Notice of Proposed Rulemaking in which the FCC adopted a policy for requiring all interconnected VoIP services to contribute to the Federal Universal Service Fund.[41] Interconnected VoIP services are essentially those which exchange two-way voice traffic with the PSTN and require a broadband connection from the user's location.[42] On March 22, 2005 this Commission entered an Order in NUSF-40/PI-86 which limited VoIP assessment to

[40] *See The Commission, on its Own Motion, Seeking to Investigate Qwest's Switched Access Charge Rates*, Application No. C-3345/NUSF-42, PI-93, Qwest Corporation's Brief Regarding Compliance with Commission's Rules and Regulations (filed May 23, 2005) at pp. 5-6.

[41] *See Universal Service Contribution Methodology*, WC Docket No. 06-122, et al., Report and Order and Notice of Proposed Rulemaking, FCC 06-94 (*"Interim Contributions Assessment NPRM"*) (rel June 27, 2006) at ¶ 34.

[42] Id. at ¶ 36.

facilities-based providers.[43] The Companies assert that the Commission should reconsider the limitation to facilities-based VoIP providers and adopt a policy similar to the FCC's VoIP assessment policy.

XI. Conclusion

The Companies submit that reductions in support of the magnitude suggested by the Staff Proposal could result in insufficient funding for many of the Companies, which would in turn have significant adverse impacts on consumers. Such impacts could include increased retail rates, reduced quality of service, and could negatively impact the availability of advanced services. These potential impacts conflict with statutory principles and Commission-established goals for the NUSF.

Given that the FCC is currently considering intercarrier compensation reform and changes to the federal USF that could significantly change and reduce the revenues contributing to sufficient cost recovery from these sources, the Companies recommend that the Commission should defer making major changes to the permanent NUSF support mechanism until the FCC proceedings are concluded. Changes in cost recovery sources of the magnitude contemplated in current FCC proceedings would likely require additional changes in the permanent NUSF support mechanism in order to maintain sufficient cost recovery to fulfill statutory and Commission-established goals for the NUSF.

Finally, the Staff Proposal does not contain sufficient detail to allow the Companies to address the many changes to the mechanism the Staff appears to be

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[43] *See The Commission, on its Own Motion, to Determine the Extent to Which Voice over Internet Protocol Services Should be Subject to the Nebraska Universal Service Fund Requirements*, Application No. NUSF-40/PI-86, Findings and Conclusions (entered March 22, 2005) at ¶ 45.

proposing, either individually or taken together as a whole. While the Companies address the general policy implications of some of the changes proposed by Staff to the permanent NUSF support mechanism in these comments, the Companies will address specific details of changes to the permanent NUSF support mechanism when such details become available. The Companies expect that following release of the Commission's proposal recommending changes to the permanent NUSF mechanism that the Commission will provide adequate opportunity for comment and for hearing on such proposal.

DATED: August 17, 2006.

Respectfully submitted,

THE RURAL INDEPENDENT COMPANIES:

Arlington Telephone Company,
The Blair Telephone Company,
Cambridge Telephone Company,
Clarks Telecommunications Co.,
Consolidated Telco Inc.,
Consolidated Telecom, Inc.,
Consolidated Telephone Company,
Eastern Nebraska Telephone Company,
Great Plains Communications, Inc.,
Hartington Telecommunications Co., Inc,
Hershey Cooperative Telephone Co.,
K & M Telephone Company, Inc.,
The Nebraska Central Telephone Company,
Northeast Nebraska Telephone Company,
Rock County Telephone Company,
Stanton Telecom Inc., and
Three River Telco

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CERTIFICATE OF SERVICE

I hereby certify that on the 17th day of August 2006, the original and five (5) paper copies, together with an electronic copy, of the foregoing **Comments of the Rural Independent Companies** were served upon Andy S. Pollock, Executive Director of the Commission, by hand-delivery.

James A. Overcash